

SB 145.pdf

Uploaded by: Christopher West

Position: FAV

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Baltimore and Carroll Counties

Judicial Proceedings Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

January 28, 2026

The Maryland State Senate Judicial Proceedings Committee
The Honorable William C. Smith, Jr.
2 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 145 – Motor Vehicles and Marine Vessels – Transfer-on-Death Designations

Chair Smith, Vice-Chair Waldstreicher, and Members of the Judicial Proceedings Committee,

This is one of the bills this year that I have agreed to sponsor on behalf of the Estates and Trusts Committee of the Maryland State Bar Association. The Estates and Trusts Committee represents all of the estates and trusts lawyers throughout the State, and its bills each year reflect a considerable amount of work by the State's most experienced lawyers in this field.

The subject of this bill is what happens to motor vehicles and vessels after the owner of the vehicle or the vessel dies.

Currently, Maryland law provides that an individual who is the sole owner of a motor vehicle may designate a beneficiary in the Motor Vehicle Administration's system. The so-called "transfer on death" or TOD designation will then appear on the certificate of title for the motor vehicle. Upon the death of the sole owner, the vehicle will not be a part of the probate estate. Instead, the beneficiary can retitle the motor vehicle directly through the MVA. Avoiding probate in these situations is convenient and enables the heirs of a decedent to get on with their lives quickly and without the hassles of dealing with the probate court. Other assets that can pass automatically without going through probate if properly titled are checking and savings accounts, brokerage accounts and residences.

Turning to vessels, the law in Maryland currently fails to enable the owner of a vessel to designate a beneficiary and thereby avoid probate as to the vessel after the death of the owner.

Senate Bill 145 has been introduced to deal with two issues. First, under the motor vehicle laws, if a vehicle is owned by two people either as joint tenants or as tenants by the entirety, there is no mechanism in the law at this time for them to designate a beneficiary and thus avoid probate at the death of the survivor of the two co-owners. Second, the owner or owners of a vessel have no mechanism available to them at all to designate a beneficiary and thereby avoid probate.

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Senate Bill 145 rectifies this situation by authorizing the sole owner or the co-owners of a marine vessel to apply to the Department of Natural Resources to designate a beneficiary to take ownership of the vessel upon the death of the sole owner or upon the death of the survivor of the co-owners. The bill also alters transfer-on-death designations for motor vehicles to allow two individuals who co-own a vehicle to designate a beneficiary who, once again, will take ownership of the vehicle upon the death of the sole owner or upon the death of the survivor of the co-owners.

If passed, this bill will save both time and money for the beneficiaries of Maryland estates. Enabling vehicles and vessels to pass to beneficiaries in the same way that bank accounts, brokerage accounts and residences can currently pass to beneficiaries without going through the time and expense of probate will be a salutary development.

I appreciate the Committee's consideration of Senate Bill 145 and will be happy to answer any questions the Committee may have.

SB0145 (HB0174) - Motor Vehicles and Marine Vessel

Uploaded by: Joshua Winger

Position: FAV



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To: Members of Senate Judicial Proceedings Committee

From: MSBA Estate & Trust Law Section

Date: January 28, 2026

Subject: **SB 0145** – Estates and Trusts – Motor Vehicles and Marine Vessels – Transfer-on-Death Designations

Position: Support

The Estate & Trust Law Section of the Maryland State Bar Association (MSBA) **supports Senate Bill 0145 – Estates and Trusts – Motor Vehicles and Marine Vessels – Transfer-on-Death Designations.** Senate Bill 0145 creates an accessible non-probate solution for Marylanders to pass motor vehicles and marine vessels to whom they choose.

Problem with Current Law

Regarding Motor Vehicles

Maryland law (Md *Transportation* Code §13-115) currently provides that only an individual/sole owner may designate one transfer-on-death (“TOD”) beneficiary in the Motor Vehicle Administration’s (“MVA”) system on the certificate of title for the motor vehicle. The TOD beneficiary designation is non-testamentary/non-probate. If the sole owner still owns the motor vehicle, still has the same TOD beneficiary designation and the TOD beneficiary survives the sole owner, then the TOD beneficiary can retitle to the TOD beneficiary’s name the motor vehicle directly through the MVA.

However, the problem is current Maryland law does not provide any option for co-owners (joint tenants with rights of survivorship or tenants by the entirety) to designate one transfer-on-death (“TOD”) beneficiary in the MVA’s system on the certificate of title for the motor vehicle. As a result, many owners of motor vehicles never have the opportunity to utilize the TOD beneficiary option to pass on their vehicle via non-testamentary/non-probate means. Otherwise, to pass a motor vehicle via non-testamentary/non-probate means, a certificate of title would need to be issued to the Trustee of a trust, but for many people it is impractical: 1) to make a trust or have the MVA issue certificate of title to the Trustee of a trust); or 2) the surviving co-owner later to make a TOD beneficiary designation. Another aspect of this problem is when all co-owners pass away at the same time; at that point, the opportunity to plan is over, as well.

Regarding Marine Vessels

Maryland law currently provides no option whatsoever for any owner of a marine vessel to designate a TOD beneficiary in the Department of Natural Resources (“DNR”) on the certificate of title for the marine vessel. So, the problem is even more pronounced regarding marine vessels than motor vehicles.

The complete absence in Maryland of a TOD beneficiary option for marine vessels titled through the DNR forces marine vessel owners desiring to pass a marine vessel via non-testamentary/non-probate means either: 1) to create a trust and title the marine vessel to the Trust (which again can be impractical); or 2) to add a co-owner to the certificate of title (which disregards the adverse ramifications that can come with co-owning an asset, such as if the marine vessel is sold while all co-owners are alive: the result being sale proceeds shared by all owners, even though the originating owner only intended to give the right to benefit when the originating owner dies).

How SB 0145 Solves the Problem

Regarding Motor Vehicles

SB 0145 solves this problem, as to motor vehicles, by enabling co-owners (such as spouses) to be able to designate a TOD beneficiary (such as a child of the spouses) via an MVA certificate of title while all the co-owners are still living, while still retaining the exclusive ability to sell or otherwise deal with the motor vehicle, without the TOD beneficiary’s involvement while any of the co-owners are living. As a result, a motor vehicle will be able to pass via non-testamentary/non-probate means much like other common assets, such as checking/savings accounts or brokerage accounts. This cost-effective and expedient tool can be invaluable for motor vehicles owners who desire to pass on a motor vehicle at death.

Regarding Marine Vessels

SB 0145 solves this problem by enabling TOD designations regarding marine vessels both for sole owners and for co-owners via a DNR certificate of title. As a result, non-testamentary/non-probate means will be available regarding marine vessels the same as already is available for motor vehicles (i.e., a sole owner of a motor vehicle already can designate a TOD beneficiary), as well as will be available to co-owners (i.e., this legislation makes TOD beneficiary designation available both to co-owners of motor vehicles and co-owners of marine vessels). The same as described for motor vehicles above, this cost-effective and expedient tool can be invaluable for marine vessel owners who desire to pass on a marine vessel at death.

For the reasons stated above, the Estate & Trust Law Section of the MSBA **supports SB 0145 and urges a favorable committee report.**

For further information, please contact:

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SB0214 (HB0244) - Marine Vessels Only - TOD Design

Uploaded by: Joshua Winger

Position: FAV



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To: Members of Senate Judicial Proceedings Committee

From: MSBA Estate & Trust Law Section

Date: January 28, 2026

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Position: Support

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Problem with Current Law

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SB0145_DNR_SUP_JPR_1-28-26.pdf

Uploaded by: Lydia McPherson

Position: FAV



Wes Moore, Governor
Aruna Miller, Lt. Governor
Josh Kurtz, Secretary
David Goshorn, Deputy Secretary

January 28, 2026

BILL NUMBER: SENATE BILL 145

SHORT TITLE: MOTOR VEHICLES AND MARIEN VESSELS - TRANSFER-ON-DEATH DESIGNATIONS

DEPARTMENT'S POSITION: SUPPORT

EXPLANATION OF DEPARTMENT'S POSITION

This legislation will allow for more enhanced customer service by giving individuals the ability to designate a beneficiary on their vessel title. The bill also expands the statute to allow multiple co-owners collectively and/or the last surviving co-owner to make beneficiary changes to their vessel title.

The Motor Vehicle Administration's ("MVA") system allows an individual to designate a transfer-on-death ("TOD") beneficiary on the certificate of title for the motor vehicle. This allows for a streamlined title transfer process in the case of the last surviving co-owner's death.

DNR does not have the authority to incorporate TODs into the initial registration process for vessels. Therefore, an individual or multiple individuals who co-own a vessel as joint tenants with right of survivorship, looking to transfer a title after the passing of their loved one, either the sole owner or the last surviving co-owner, must obtain additional paperwork from their local Register of Wills office to complete the transfer. This often results in back-and-forth with the individual as they navigate this process, and can be confusing as it differs from the process associated with vehicles. By granting this same authority to the Department of Natural Resources for vessel titles, it aligns with MDOT's policies and makes it easier for sole owners or multiple individuals who co-own a vessel as joint tenants with right of survivorship to transfer ownership of a vessel.

BACKGROUND INFORMATION

Under current law, upon the death of a sole vessel owner or last surviving co-owner, the ownership of the vessel reverts to the estate of the decedent. In order to transfer a vessel title, the Executor of the Estate is required to obtain a Letter of Administration from the Register of Wills. The department would then need to see the original version of that letter, in addition to the Certificate of Title for the vessel in order to complete the transfer.

The Department of Natural Resources (DNR) does not have the authority under current law to offer the option to name a beneficiary on a vessel's certificate of title.

Contact: Lydia McPherson, Director, Legislative and Constituent Services
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BILL EXPLANATION

This bill would allow sole vessel owners or multiple individuals who co-own a vessel as joint tenants with right of survivorship the ability to designate a beneficiary on their vessel title for ease of vessel ownership transfer upon the vessel owner's death. It allows the beneficiary to be changed at any time, should the current vessel owner(s) choose to do so. It also requires the beneficiary who survives the current vessel's sole owner or last surviving co-owner to put in an application to the Department to acquire a new certificate of title in their name. If the designated beneficiary does not survive the death of the sole vessel owner or the last surviving co-owner, the vessel then becomes part of the deceased sole owner or last surviving co-owner's estate.

This bill does not exempt individuals from paying an excise tax or the certificate of title fee associated with the vessel where required.